

Status of Resolution of Reported Frauds

December 2003

Agency: 300

Department of Social and Health Services

Audit Number	Finding Number
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6370	01	Finding:	Providers of in-home child care for the Department of Social and Health Services in Mattawa, WA, made significant misstatements about their identities and/or failed to supply adequate documentation to support billings submitted to the Department for payments of an estimated \$2 million.
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Fraud Amount: \$2,000,000 (estimated)

Recovery to Date: \$480.00

Action/Status: In June 2001, the Department's Division of Fraud and Investigation (DFI) initiated an investigation of three providers at the request of the Mayor of Mattawa. As a result of its preliminary findings, in May 2002, the DFI expanded the investigation to all family childcare home providers in Mattawa.

The Washington State Auditor's Office audit commenced in September 2002 and concluded in May 2003. The Department disagrees with the audit's identification of \$2 million in misspent federal funds. The \$2 million is a projected amount based on a sample that was not conclusively documented.

The Department cannot make conclusive determinations on the amount of overpayments until all day care attendance records are reviewed and compared to amounts billed. Seven cases have been closed as administratively acceptable. One provider pled guilty to identity fraud. The Division of Child Care and Early Learning is reviewing the remaining 32 providers for adequate attendance records. Due to the voluminous amount of records involved, overpayment determinations should be completed by February 2004.

Criminal action taken: One provider was charged with and pled guilty to identity fraud in Grant County.

Personnel action taken: There has not been any indication that Department personnel were involved in fraudulent activity.

Amounts to be recovered: Not determined.

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